

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY RANGOON PRIORITY

UNCLAS STATE 228843

FOLLOWING REPEAT STATE 228843 ACTION BONN PARIS LONDON
ROME LISBON MADRID RABAT BEIRUT TOKYO HONG KONG TAIPEI
NEW DELHI BANGKOK BOMBAY DATED 1 OCT

QUOTE

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E.O. 11652: N/A

TAGS: EAIR, XG

SUBJECT: PAN AM/TWA ANNOUNCE ROUTE REALIGNMENT

FOLLOWING IS TEXT OF JOINT PAN AM/TWA ANNOUNCEMENT OF
AGREEMENT ON ROUTE REALIGNMENT:

QUOTE: TRANS WORLD AIRLINES AND PAN AMERICAN WORLD
AIRWAYS TODAY (OCT. 16) SIGNED AN AGREEMENT TO EXCHANGE
SELECTED ROUTE AUTHORITIES FOR A TEMPORARY PERIOD OF
FIVE YEARS. SPOKESMEN FOR BOTH AIRLINES INDICATED THAT
THIS ACTION WAS SEPARATE AND APART FROM THE CURRENT
EXCHANGE OF INFORMATION REGARDING THE POSSIBILITY OF SOME
FORM OF CORPORATE CONSOLIDATION.

THE CARRIERS SAID THAT THEY WOULD MAINTAIN NORMAL FLIGHT
SCHEDULES TO ALL DESTINATIONS AND WILL CONTINUE ACTIVELY
TO SOLICIT RESERVATIONS FOR PASSENGERS AND CARGO TO THE
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AREAS INVOLVED WHILE THE AGREEMENT IS UNDER REGULATORY

REVIEW.

THEY ALSO STATED THAT UPON APPROVAL OF THE AGREEMENT ADEQUATE ADVANCE NOTICE WOULD BE GIVEN ALL PASSENGERS AND SHIPPERS RELATIVE TO CHANGES IN OPERATIONS AND EACH CARRIER HAS PLEDGED TO HONOR THE COMMITMENTS OF THE OTHER TO THE TRAVELERS AND SHIPPERS WHO MAY BE AFFECTED. HENCE TRAVELERS AND SHIPPERS MAY BE CONFIDENT THAT THE

TWO CARRIERS WILL CONTINUE TO STAND READY TO SATISFY ALL THEIR REQUIREMENTS.

AS A RESULT OF THIS AGREEMENT, WHICH IS SUBJECT TO APPROVAL BY THE BOARDS OF DIRECTORS OF EACH CARRIER AND BY THE CIVIL AERONAUTICS BOARD, TWA WOULD SUSPEND ITS SERVICE IN GERMANY AND ACROSS THE PACIFIC AND EAST OF SAUDI ARABIA INCLUDING GUAM, TAIPEI, OKINAWA, HONG KONG, BANGKOK AND BOMBAY. HOWEVER, TWA WOULD CONTINUE TO SERVE THE LOS ANGELES-HAWAII MARKET. IN ADDITION, TWA WOULD SUSPEND ITS THROUGH PLANE SERVICE AUTHORITY BETWEEN LONDON AND WASHINGTON.

PAN AM WOULD SUSPEND SERVICE IN FRANCE, PORTUGAL, SPAIN AND CASABLANCA, EXCEPT FOR ITS MID-ATLANTIC MIAMI-SAN JUAN-LISBON-MADRID-ROME ROUTE. PAN AM ALSO WOULD SUSPEND ITS AUTHORITY FOR THROUGH PLANE SERVICE BETWEEN LONDON, ON THE ONE HAND, AND CHICAGO, LOS ANGELES AND PHILADELPHIA. PAN AM ALSO WOULD TRANSFER ITS LOS ANGELES-HAWAII TURNAROUND AUTHORITY TO TWA, BUT WOULD CONTINUE ITS THROUGH PLANE SERVICE FROM LOS ANGELES VIA HONOLULU TO POINTS IN THE PACIFIC.

EACH OF THE TWO AIRLINES ALREADY SERVES CERTAIN ROUTES BEING SUSPENDED BY THE OTHER AND WILL APPLY FOR AUTHORITY TO OPERATE OVER THOSE ROUTES WHICH IT DOES NOT ALREADY SERVE.

IN COMMENTING ON THE PROPOSED CHANGE, THE CHIEF EXECUTIVES OF THE TWO AIRLINES, CHARLES C. TILLINGHAST, JR., OF TWA AND WILLIAM T. SEAWELL OF PAN AM, STATED:
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"THIS EXCHANGE OF ROUTE AUTHORITIES WHEN APPROVED AND FULLY IMPLEMENTED, WOULD PROVIDE SIGNIFICANT IMPROVEMENT IN THE FINANCIAL POSITION OF BOTH TWA AND PAN AM. A PRELIMINARY ESTIMATE INDICATED THAT THE FINANCIAL IMPROVEMENT WILL BE AT LEAST 25 MILLION DOLLARS PER YEAR FOR EACH CARRIER. AS HAS BEEN INDICATED, FINANCIAL BENEFITS OF THIS NATURE ARE URGENTLY NEEDED AS A RESULT OF THE MASSIVE COST INCREASES

RELATED TO THE SKYROCKETING PRICE OF INTERNATIONAL
AVIATION FUEL AND WE URGE THAT THE REGULATORY PROCESS
PROVIDE FOR EXPEDITIOUS HANDLING."

THE AGREEMENT PROVIDES FOR IMPLEMENTATION APPROXIMATELY
60 DAYS AFTER THE NECESSARY PROCEDURAL STEPS HAVE BEEN
CONCLUDED AND, THEREFORE, THE ACTUAL ROUTE TRANSFERS ARE
NOT EXPECTED TO BE ACHIEVED PRIOR TO EARLY 1975.
END QUOTE. KISSINGER UNQUOTE INGERSOLL

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